

STENOGRAPHIC TRANSCRIPT OF PROCEEDINGS

BEFORE THE

Illinois Commerce Commission

DOCKET NO. 00-0393

IN THE MATTER OF:

ILLINOIS BELL TELEPHONE COMPANY

00-0393/0313

Conrad

H

1-5-01

and

PLACE: Springfield, Illinois

DATE: October 18, 2000

CONDENSED TRANSCRIPT

PAGES: 687 - 1014

SULLIVAN REPORTING COMPANY

OFFICIAL REPORTERS

TWO NORTH LA SALLE STREET

SUITE 1780

CHICAGO, ILLINOIS 60602

312-782-4705

SPRINGFIELD, ILLINOIS

217-528-6984

687

1 BEFORE THE
2 ILLINOIS COMMERCE COMMISSION

3 ILLINOIS BELL TELEPHONE COMPANY) DOCKET NO.
4 Proposed implementation of High) 00-0393
5 Frequency Portion of Loop (HFPL)/)
6 Line Sharing Service.)

7 Springfield, Illinois
8 October 18, 2000

9 Met, pursuant to agreement, at 10:00 A.M.

10 BEFORE:
11 MR. DONALD L. WOODS, Examiner

12 APPEARANCES:
13 MR. CHRISTIAN F. BINNIG
14 MS. KARA K. GIBNEY
15 Mayer, Brown & Platt
16 190 South La Salle Street
17 Chicago, Illinois 60603
18 (Appearing on behalf of Ameritech
19 Illinois)
20 MS. MICHAEL S. PABIAN
21 225 West Randolph
22 25th Floor
Chicago, Illinois 60606
(Appearing on behalf of Ameritech
Illinois)

SULLIVAN REPORTING COMPANY, by
Cheryl A. Davis, Reporter, #084-001662
Traci Bartolomucci, Reporter, #084-003861
Carla J. Boehl, Reporter, #084-002710

688

1 APPEARANCES: (Cont'd)

2 MR. STEPHEN P. BOWEN
3 MS. ANITA TAFF-RICE
4 Blumenfeld & Cohen
5 4 Embarcadero Center
6 Suite 1170
7 San Francisco, California 94111
8 (Appearing on behalf of Rhythms Links,
9 Inc.)
10 MS. CHERYL HAMILL
11 222 West Adams
12 Suite 1500
13 Chicago, Illinois 60606
14 (Appearing on behalf of AT&T
15 Communications of Illinois, Inc.)
16 MS. CARRIE J. HIGHTMAN
17 Schiff, Hardin & Waite
18 6600 Sears Tower
19 Chicago, Illinois 60606
20 (Appearing on behalf of Rhythms Links,
21 Inc.)
22 MR. MATTHEW L. HARVEY
160 North La Salle Street
Suite C-800
Chicago, Illinois 60601
(Appearing on behalf of the Staff of the
Illinois Commerce Commission)

MR. KENNETH A. SCHIFMAN
8140 Ward Parkway
Kansas City, Missouri 64114
(Appearing on behalf of Sprint
Communications Company L.P.)

689

1 APPEARANCES: (Cont'd)

2 MR. CRAIG BROWN
3 9100 East Mineral Circle
4 Englewood, Colorado 80112
5 (Appearing on behalf of Rhythms Links,
6 Inc.)
7 MS. FELICIA FRANCO-FEINBERG
8 8700 West Bryn Mawr
9 Suite 800 South
10 Chicago, Illinois 60631
11 (Appearing on behalf of Covad
12 Communications Company)
13
14
15
16
17
18
19
20
21
22

690

I N D E X

2 WITNESSES	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>
3 CAROL ANN CHAPMAN				
4 By Mr. Binnig	693		838	
5 By Ms. Hamill		695		
6 By Mr. Schiffman		738		
7 By Mr. Bowen		770		
8 ROBIN JACOBSON				
9 By Ms. Gibney	841			
10 By Ms. Taff-Rice		844		
11 By Mr. Schiffman		977		
12 By Ms. Gibney		980		
13 J. THOMAS O'BRIEN				
14 By Mr. Pabian	983			
15 By Mr. Harvey		985		
16 BRIAN BALTZ				
17 By Mr. Brown	1001		1011	
18 By Ms. Gibney		1007		1012
19				
20				
21				
22				

16 EXHIBITS	<u>MARKED</u>	<u>ADMITTED</u>
17 Ameritech Illinois 7.0		695
18 Ameritech Illinois 2.0, 2.1		843
19 Ameritech Illinois 5.0		984
20 Ameritech Illinois 5.1		985
21 Rhythms 5.0		1006
22 Rhythms 6.0 Proprietary	960	960
Sprint Cross Chapman 1	763	770
Rhythms Jacobson Cross 1	917	1014

PROCEEDINGS

691

693

EXAMINER WOODS: I call for hearing Docket 00-0393, Illinois Bell Telephone Company, the proposed implementation of High Frequency Portion of Loop /Line Sharing Service.

This cause comes on for hearing October 18, 2000, before Donald L. Woods, duly appointed Hearing Examiner, under the authority of the Illinois Commerce Commission. The cause was set today for evidentiary hearings.

At this time I'd take the appearances of the parties, please, beginning with the Applicants.

MR. BINNIG: Christian F. Binnig and Kara K. Gibney of Mayer, Brown & Platt, 190 South La Salle Street, Chicago, Illinois 60603, appearing on behalf of Ameritech Illinois.

MR. PABIAN: Michael S. Pabian, 225 West Randolph Street, 25th Floor, Chicago, 60606, appearing on behalf of Ameritech Illinois.

MS. HIGHTMAN: Carrie J. Hightman, Schiff Hardin & Waite, 6600 Sears Tower, Chicago, Illinois 60606, appearing on behalf of Rhythms Links, Inc.

MR. BOWEN: Stephen P. Bowen, Blumenfeld & Cohen, 4 Embarcadero Center, Suite 1170, San Francisco, California 94111, also appearing for Rhythms Links, Inc.

MR. SCHIFMAN: On behalf of Sprint Communications L.P., Ken Schifman, S-C-H-I-F-M-A-N, 8140 Ward Parkway, Kansas City, Missouri 64114.

MS. HAMILL: Appearing on behalf of AT&T Communications of Illinois, Inc., Cheryl Hamill, 222 West Adams, Suite 1500, Chicago, Illinois 60606.

MR. HARVEY: Appearing for the Staff of the Illinois Commerce Commission, Matthew L. Harvey, 160 North La Salle Street, Suite C-800, Chicago, Illinois 60601-3104.

MR. BROWN: Also appearing on behalf of Rhythms Links, Inc., Craig Brown, 9100 East Mineral Circle, Englewood, Colorado 80112.

EXAMINER WOODS: Any additional appearances? Let the record reflect no response.

Who is the first witness? Is it Ms. Chapman?

MR. BINNIG: Yes.

EXAMINER WOODS: Were you previously sworn, ma'am?

MS. CHAPMAN: No, I wasn't.

EXAMINER WOODS: Please stand and be sworn.

(Whereupon the witness was sworn by Examiner Woods.)

EXAMINER WOODS: Thank you. Be seated.

CAROL ANN CHAPMAN

called as a witness on behalf of Ameritech Illinois, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. BINNIG:

Q. Ms. Chapman, could you state your full name and business address for the record, please?

THE WITNESS:

A. Sure. It's Carol Ann Chapman, and I'm at 311 South Akard, A-K-A-R-D, Room 1370, in Dallas, Texas 75202.

Q. And do you have in front of you what's going to be marked for identification as Ameritech Illinois Exhibit 7.0 which consists of approximately,

oh, 41 pages of typed questions and answers along with several schedules attached, I believe it's Schedule CAC-1 through CAC-4?

A. Yes, I do.

Q. And is this your rebuttal testimony in this proceeding?

A. Yes.

Q. Was it prepared by you or under your supervision or direction?

A. Yes, it was.

Q. Do you have any additions or changes to Ameritech Illinois Exhibit 7.0?

A. No, I do not.

Q. Do the schedules attached to Ameritech Illinois Exhibit 7.0 accurately reflect what they purport to reflect?

A. Yes.

Q. If I were to ask you the questions that appear in the question and answer portion of Ameritech Illinois Exhibit 7.0 today, would your answers be the same as reflected in this exhibit?

A. Yes, they would.

1 MR. BINNIG: Your Honor, I would move for 695
2 admission of Ameritech Illinois Exhibit 7.0 and offer
3 the witness for cross-examination.
4 EXAMINER WOODS: Objections? Okay. As
5 previously noted in this docket, they will be
6 admitted into the record upon receipt through the
7 docket system.
8 (Whereupon Ameritech Illinois
9 Exhibit 7.0 was received into
10 evidence.)
11 EXAMINER WOODS: Ms. Hamill.
12 CROSS EXAMINATION
13 BY: MS. HAMILL:
14 Q. Good morning, Ms. Chapman. My name is
15 Cheryl Hamill, and I represent AT&T. How are you?
16 A. Just fine. Good morning.
17 Q. Good.
18 Now throughout your testimony, your
19 rebuttal testimony, you make references to the FCC's
20 Line Sharing Order and the FCC's Texas 271 Order to
21 support your position that Ameritech is not required
22 to provide line splitting. Correct?

1 A. That is correct. 696
2 Q. Okay. Now you'll agree with me, won't
3 you, that the FCC's requirements are minimum
4 requirements?
5 A. In general, yes.
6 Q. Okay. And you don't dispute that state
7 commissions, such as this one, are free to establish
8 additional requirements beyond those established by
9 the FCC. Correct?
10 A. I'm not making that statement, no.
11 Q. Okay. So you agree that state
12 commissions can.
13 A. I don't know all of what state
14 commissions are able to do, but I am aware that they
15 can -- they do have some leeway to do additional
16 requirements, yes.
17 Q. And you're aware, in fact, that some
18 state commissions have, in fact, ordered line
19 splitting, correct?
20 A. Yes.
21 Q. Okay. Now will you agree with me that
22 the Federal Act defines a network element to include

1 the features, functions, and capabilities that are 697
2 provided by means of that facility or equipment?
3 A. Yes.
4 Q. Okay, and isn't it correct that the FCC
5 in its Line Sharing Order defined the high frequency
6 portion of the loop as the capability of the loop?
7 Would you agree with me on that?
8 A. Yes.
9 Q. Okay. And you agree that the splitter
10 separates the high frequency portion of the loop used
11 for data services from the low frequency portion of
12 the loop or lower frequency portion used for voice
13 service. Correct?
14 A. That is also correct.
15 Q. Okay. Now, to access the high frequency
16 portion of the loop you would agree with me, wouldn't
17 you, that a splitter is required to do that?
18 A. In order to access it separately from the
19 low frequency, yes.
20 Q. Okay. And it's not your contention, is
21 it, Ms. Chapman, that the splitter is advanced
22 services equipment?

1 A. It is related to advanced services. It's 698
2 neither part of the loop or -- it is a separate piece
3 of equipment from the loop.
4 Q. Do you agree with me, Ms. Chapman, that
5 the splitter is not advanced services equipment?
6 A. I'm not sure that I could say that it is
7 not used for anything but advanced services. Now
8 whether or not it fits the exact definition of
9 advanced services equipment I'm not certain that I
10 could say, but you wouldn't use it for anything but
11 advanced services, so. It's not used for voice
12 service.
13 Q. Ms. Chapman, you testified in the AT&T/
14 Southwestern Bell Telephone Company arbitration.
15 Correct?
16 A. Yes, I did.
17 Q. And you testified --
18 A. In Texas.
19 Q. And you testified on the issue of line
20 splitting and line sharing, correct?
21 A. Yes.
22 Q. And you testified in that proceeding on

699

1 Monday, July 31, 2000. Correct?

2 A. I'm sure that's the correct date. I

3 don't remember, but.

4 Q. Okay, and during that proceeding Michelle

5 Bourianoff, the attorney for AT&T, asked you some

6 questions in that proceeding, did she not?

7 A. Yes, she did.

8 Q. And one of the questions she asked you,

9 and I'm reading from page 259 of the transcript in

10 that proceeding, is: "So it is your contention that

11 the splitter is advanced services equipment?" Answer:

12 "No."

13 A. And, again, I'd have to look at the

14 context. As I said, I'm not saying it's part of what

15 is required to provision an advanced service because

16 you can provision an advanced service without a

17 splitter. However, in order to line share you do

18 need a splitter in order to separate the voice from

19 the data, so, you know, that's exactly what I was

20 trying to say here.

21 Q. So is it your contention, Ms. Chapman,

22 that the splitter is a piece of advanced services

700

1 equipment or not? Yes or no?

2 A. I can't yes or no because I would have to

3 read the definition of advanced services equipment

4 again in order --

5 Q. So you were able to answer it in Texas,

6 but you aren't able to answer it here, correct?

7 A. Again, I would need to relook at that

8 definition in order to make that determination. I'm

9 not saying it's not or that it is, one way or the

10 other, but it's a complex definition, and I'd have to

11 review it to respond, yes.

12 Q. So you don't know sitting here today.

13 A. That's correct.

14 Q. Now, you understand AT&T's position in

15 this matter to be that Ameritech has to provide

16 access to the splitter as part of the unbundled loop.

17 Correct?

18 A. Yes.

19 Q. Okay. And you will agree that line

20 sharing, under your definition, is where Ameritech

21 provides the voice service and the data CLEC provides

22 the data service over the same loop.

701

1 A. Well, not under my definition. Under the

2 FCC's definition that's what line sharing is.

3 Q. Well, and you agree with the FCC's

4 definition I take it.

5 A. Well, certainly.

6 Q. Okay. That was easy enough.

7 Now, you understand AT&T's line splitting

8 proposal, do you not, to be where a CLEC, UNE-P CLEC,

9 provides voice service and a data CLEC provides data

10 service over a loop, correct?

11 A. I understand that AT&T's proposal goes

12 far beyond that, but, yes, that's part of AT&T's

13 proposal.

14 Q. Okay. And that the voice provider can be

15 a UNE-P provider, correct?

16 A. Yes.

17 Q. Okay, and that Ameritech is not the voice

18 provider in the line splitting scenario, correct?

19 A. That is also correct.

20 Q. Okay.

21 Now, is it your contention, Ms. Chapman,

22 that the UNE platform can only be used to provide

702

1 voice service?

2 A. The UNE platform where the elements are

3 combined not by the CLEC but by Ameritech, yes. If

4 the CLEC combines the unbundled elements into a

5 platform themselves, then, no, they could use those

6 elements to provide line splitting today.

7 Q. Okay. So if I, AT&T, purchase a loop and

8 a port as part of a UNE platform combination in

9 Illinois, under your proposal I cannot use that

10 platform, that loop and port combination with

11 transport, to provide data service. Correct?

12 A. Again, if you're purchasing the elements

13 in a pre-combined fashion that don't include a

14 splitter, then, no, you wouldn't be able to use

15 something that's not part of that platform. If you

16 purchased the elements separately and combined them

17 with something else, then, yes, you could use them --

18 (interrupted).

19 Q. So you're saying -- I'm sorry. So

20 you're saying that if I purchase the elements

21 separately, I can provide data service, but as a

22 UNE-P CLEC purchasing the UNE platform, I cannot

703

1 provide data service under your proposal.

2 A. If you purchase something that is in a

3 preset configuration, then you cannot provide

4 something that's not part of that configuration.

5 Yes.

6 Q. And let me explore that a little bit. Is

7 it your contention that because you have to separate

8 the loop and the switch port to insert the splitter,

9 that at that point it's not the existing UNE platform

10 combination any longer? Is that your contention,

11 Ms. Chapman?

12 A. That's right. In order to add line

13 sharing or line splitting to an existing voice

14 service, you'd have to actually physically separate

15 the loop and the port, and at that point they are no

16 longer combined. You have to insert something in the

17 middle.

18 Q. And that's required I think you said for

19 line splitting and line sharing. Correct?

20 A. That is correct.

21 Q. Okay. And at that point then is it your

22 contention that once you make that separation, it's

704

1 no longer the platform, but they are at that point

2 separate unbundled elements; that is a separate loop

3 and a separate switch port?

4 A. That is also correct, yes.

5 Q. Okay. Now, can you turn to page 28 of

6 your rebuttal testimony?

7 A. Sure.

8 Q. And I think that actually the discussion

9 begins on page 27, but 28 lists five steps. Do you

10 see that in the first half of page 28?

11 A. Yes.

12 Q. Are these the steps -- well, strike that.

13 If I'm AT&T and I'm providing voice

14 service over the UNE-P in Illinois and I want to add

15 -- my end user wants to add data service to that

16 loop, are these the steps that I, AT&T, as that UNE-P

17 voice provider, would need to go through in order to

18 add data service to the loop that I have?

19 A. This is basically what's going to have to

20 happen. These may not actually be completely

21 separate steps that AT&T would perform individually,

22 but, yes, all these steps would be what happens in

705

1 order to physically do that.

2 Q. Okay. Now, if I'm a UNE-P provider, will

3 you assume with me that I don't have any kind of

4 collocation space already?

5 A. Sure.

6 Q. Okay. The first step then I would need

7 to do is I would need to arrange for collocation

8 space for a splitter and a DSLAM. Is that correct?

9 A. And part of that would either be yours or

10 your partner CLEC. In line sharing or line

11 splitting, collocation is physically required in

12 order to provision the service, so whoever is going

13 to provide the data service has to be collocated.

14 Q. Right.

15 A. So whoever is going to be putting this

16 data service on is collocated, and so if you're

17 partnering with someone, you would probably use

18 theirs if you're not physically collocated yourself

19 and use their splitter.

20 Q. Okay. Suppose I'm partnering with a data

21 CLEC that does not have its own splitter because

22 prior to this time it was using Ameritech's splitter.

706

1 Then I would have to -- assuming the CLEC won't, I

2 mean the data CLEC won't, I would have to place --

3 collocate and put a splitter in my collocation space,

4 correct?

5 A. Or, again, partner with them and put that

6 in their collocation space. If you're partnering

7 with them -- I mean this is not a big piece of

8 equipment. You know, it's a shelf. It's not a large

9 piece of equipment at all, so if they're not willing

10 to purchase it themselves, then AT&T could purchase

11 it and put it in their space if they're willing to

12 partner with you.

13 Q. But one of us have to have it, in any

14 event.

15 A. Yes, yes. It has to be.

16 Q. Okay.

17 A. Or it could also be part of DSLAM.

18 Splitters are frequently integrated with DSLAMs, so

19 in a lot of cases the CLEC, the data CLEC, will have

20 an integrated splitter and DSLAM, so it may not even

21 be a separate piece of equipment.

22 Q. But there are DSLAMs that do not have an

707

1 integrated splitter functionality, correct?

2 A. Certainly, and some of the CLECs

3 currently -- pre-line sharing that is what they were

4 purchasing. My understanding is that many of the

5 CLECs, now that line sharing is out there, once their

6 DSLAMs are filled up, will be going to the integrated

7 DSLAMs, but.

8 Q. And under this scenario though, I cannot

9 under any set of circumstances use the Ameritech

10 splitter. Correct?

11 A. That is correct.

12 Q. Okay. The second step then, according to

13 your rebuttal testimony, is that I would have to

14 perform some kind of a loop qualification and order

15 any necessary conditioning of the loop. Correct?

16 A. You would need to determine whether or

17 not the loops that serve that end user are going to

18 meet your needs or the needs of your partner data

19 CLEC, depending on who's actually going to provide

20 the service, and if conditioning was necessary, then

21 you would request that, and that, again, is no

22 different than it would be for line sharing.

708

1 Q. Now, if you recall, I'm already a UNE-P

2 provider providing the service to that customer,

3 voice service, correct?

4 A. Right.

5 Q. Will I be able to use, under your

6 proposal, the same loop that's currently being used

7 to serve the customer?

8 A. Generally, yes. There's going to be some

9 cases where the loop that's currently serving the

10 customer is not DSL capable. For instance, if the

11 end user is currently served over a pair gain, you

12 are not able to provide DSL services over pair gain

13 that supports voice but not DSL, so in that case you

14 would not be able to reuse the same loop. You would

15 need a new loop if the existing loop is not DSL

16 capable, but if the existing loop was DSL capable,

17 then we would allow the reuse of that facility.

18 Q. Okay. Now the third step, according to

19 page 28, is that I would have to order unbundled xDSL

20 capable loop and any unbundled switching and shared

21 transport that might be necessary to be connected to

22 my collocation arrangement. Correct?

709

1 A. That is also correct.

2 Q. And as I think you just testified, in

3 some cases that unbundled loop will be the same loop

4 and in other cases it might not be. Correct?

5 A. Right, just the same as with line

6 sharing.

7 Q. Okay. How many local service requests is

8 it going to take me to order the unbundled loop, the

9 unbundled switching, and the unbundled shared

10 transport?

11 A. I believe right now that would be two.

12 We have agreed to work with AT&T if they were

13 interested in any modifications to the process that

14 would help them in this circumstance, if they would

15 be interested in that.

16 Q. You've agreed to that in what forum?

17 A. I've spoken to them since the spring, but

18 I believe, you know, that since they're pursuing

19 this, they will probably wait and see the outcome of

20 these things before they pursue modifications to the

21 existing process.

22 Q. But currently that third step requires

710

1 two local service requests. Is that correct?

2 A. I believe that is correct.

3 Q. Okay. Now the fourth step, according to

4 your testimony, is that I would need to combine the

5 loop and the switching with my DSLAM and my splitter.

6 Correct?

7 A. Yes. You would connect the voice and the

8 data. I mean the voice and the loop and split out

9 the data.

10 Q. Okay. And Ameritech will bring the loop

11 and the switch port to my collocation cage. Correct?

12 A. Yes. We will bring it to the collocation

13 termination that you've specified on the LSRs.

14 Q. Okay, and Ameritech will perform the

15 cross-connects from the main distribution frame to my

16 collocation cage. Correct?

17 A. Again, I'm not, you know, real familiar

18 with central office work, but, yes, we would

19 terminate both of the UNEs to your collocation, and

20 then from there you would have full access to

21 everything with those UNEs, and you could combine

22 them either in that cage or if you had shared cages,

711

1 or whatever, you could do that as well.

2 Q. Okay. And my understanding is that the

3 CLEC, meaning me, is not given access to the main

4 distribution frame to do that combining. Correct?

5 A. Well, no, you wouldn't do the combining

6 on the main distribution frame. Access to the main

7 distribution frame would cause serious liability

8 problems, so.

9 Q. And, again, in this scenario then, once

10 -- well, strike that.

11 Then the fifth step would be that I would

12 have to disconnect my UNE-P. Correct?

13 A. Yes, and that actually would be part of

14 this whole process. There wouldn't be something

15 separate that AT&T actually did. It would be part of

16 the reuse of the facilities, and that would just be

17 the last thing as far as the order actually getting

18 processed. That would be done at the same time, yes.

19 Q. And then at this point my UNE-P is

20 disconnected, and I'm no longer a UNE provider in

21 your view. Correct?

22 A. You're a UNE provider. You're -- right.

712

1 Q. But not a UNE platform provider. I'm

2 sorry I did not be more specific.

3 A. Well, you're still a UNE platform

4 provider, but in this case you're providing your

5 voice service over separate unbundled elements as

6 opposed to an Ameritech combined platform.

7 Q. So you're making that distinction in the

8 platform. I understand.

9 A. Yes.

10 Q. Now, it seems to me if there's going --

11 strike that.

12 Is there an actual disconnect request that

13 goes in to accomplish that number five?

14 A. That would be part of the earlier LSRs

15 that actually request the reuse. It's the disconnect

16 of the UNE-P and reuse of the facilities in the loop

17 and the switch port, so it would not be a separate

18 request. It would be part of the other request.

19 Q. Is it part -- so it's part of the two LSR

20 requests, local service requests, that you referenced

21 in regard to the third step?

22 A. Yes.

713

1 Q. Okay. Is it your understanding that

2 there are two local service requests that are

3 required to do the five steps?

4 A. Yes. That's what I've stated.

5 Q. Okay, and there has to be some kind of

6 coordination then between those two local service

7 requests to make sure that if my UNE-P is being

8 disconnected and I'm using the same loop, that that

9 same loop is up and running to the customer.

10 Correct?

11 A. Just as with line sharing where we are

12 separating, you know, the voice and the -- I mean the

13 switch and the loop, we would need to do the work at

14 the same time, just as we would in a CLEC-owned

15 splitter and a line-sharing environment, so there's

16 that level of coordination that we would normally do

17 that we would do in this case as well.

18 Q. And that coordination has to work because

19 if I'm disconnecting a UNE-P arrangement and entering

20 into this five-step arrangement, in order to make

21 sure that we maintain voice service to the customer

22 there has to be adequate coordination between those

714

1 local service requests.

2 A. Right.

3 Q. Work orders.

4 A. Just as with the line sharing, we would

5 do the same type of coordination in this case.

6 Q. Now, these five steps that you've listed

7 on page 28, does this constitute the same arrangement

8 that Ameritech would provide to a data CLEC engaging

9 in line sharing providing its own splitter?

10 A. I'm not sure I understand what you mean

11 by the same arrangement that Ameritech would provide.

12 Could you clarify?

13 Q. Are these the same steps that a CLEC

14 would have to -- engaging in line sharing by

15 providing its own splitter would need to go through?

16 A. Pretty much. They are going to have to

17 have the collocation space in any case again. They

18 are going to need to determine whether or not the

19 loop meets their needs. Again, they're going to have

20 to submit the order. Again, we're going to have to

21 try and reuse the facilities, and if we can't, then,

22 you know, we have to change the facilities, and then

715

1 we do the physical work, so, yes, it's very, very
2 similar.

3 Q. Okay. Now, if I understand your
4 testimony correctly, Ameritech -- strike that.

5 If Ameritech is providing the voice
6 service and a data CLEC is providing the data service
7 in a line-sharing arrangement, and the end user wants
8 to change its voice service to a UNE-P provider,
9 Ameritech won't allow the UNE-P provider to use that
10 loop and the splitter to provide voice service.
11 Correct?

12 A. Yes. Actually the Line Sharing Order
13 specifically prohibits that. If the voice is
14 disconnected for any reason, the Line Sharing Order
15 requires that the data provider has the opportunity
16 to use -- if they want to continue providing data
17 service, then they have the opportunity to use that
18 entire loop. Now if the voice provider wanted to
19 partner with that data CLEC, you know, as you'd
20 suggested, then since that data CLEC would have
21 complete access to the entire loop, then they would
22 be able to, again, take a switch port over to that

716

1 data CLEC and do it that way, but the Line Sharing
2 Order specifically gives the data CLEC full rights to
3 the loop.

4 Q. Okay, but my question is -- I understand
5 what the FCC's Line Sharing Order says and what the
6 Texas 271 Order says. I'm just asking, those orders
7 aside, from a practical standpoint, if Ameritech is
8 in a line-sharing arrangement providing voice and a
9 data CLEC is providing data service over that loop
10 and the end user customer wants to change its voice
11 provider to an AT&T UNE-P service, UNE platform
12 service, Ameritech, from a practical standpoint,
13 orders aside, will not allow AT&T to provision voice
14 service using the UNE platform over that loop using
15 Ameritech's splitter.

16 A. Well, again, we're not allowed to, so,
17 no, we would not.

18 Q. Is it your testimony that the Line
19 Sharing Order prohibits you from doing that?

20 A. Yes, it does.

21 Q. So from what I understand you to say
22 then, that if the end user wants to change its voice

717

1 service to a UNE-P provider, there are a couple of
2 options. One of the options is that the data CLEC
3 can purchase the whole loop and provide data service
4 using that loop, and AT&T can purchase a separate
5 loop and provide voice service to that end user using
6 a second loop. Correct?

7 A. Yes, that is one of the options
8 available.

9 Q. Okay, and then I guess one of the other
10 options available is for AT&T to go through the five
11 steps listed on page 28 and set up the arrangement
12 that we talked about there.

13 A. That is another option, yes.

14 Q. Okay.

15 If Ameritech is engaging in a line-sharing
16 arrangement with a data CLEC and Ameritech is
17 providing the splitter, if the end user then wants to
18 change its voice provider to someone other than
19 Ameritech, is it fair to characterize your testimony
20 as saying that there are no circumstances in which
21 Ameritech will agree to provide the splitter when
22 anyone other than Ameritech is providing the voice

718

1 service, even when Ameritech was providing the
2 splitter to the data CLEC under line sharing
3 previously?

4 A. Yes. Where we have no direct
5 relationship with that voice customer, we would not
6 be providing the splitter.

7 Q. Okay.

8 On the bottom of page 16 and the top of
9 page 17 of your rebuttal testimony, Ms. Chapman, you
10 discuss a situation there where you have a loop and
11 then you have a switch that is unable to support
12 three-way calling. Do you recall that hypothetical
13 that you -- or that example?

14 A. Let me just read over it real quick so I
15 know what you're talking about. I think I do.

16 (Brief pause in the proceedings.)

17 Yes.

18 Q. Okay. And in this situation then, the
19 switch cannot support three-way calling. Correct?

20 A. I believe so. Yes.

21 Q. And what you state is when you connect a
22 loop then to that switch, you indicate that that's

719

1 not a limitation imposed upon the available functions
2 of the loop, but it's simply the natural outcome of
3 choosing one arrangement over another one. Correct?

4 A. That is correct.

5 Q. Okay. Now in this scenario the switch is
6 not physically capable of supporting three-way
7 calling. Correct?

8 A. That's correct.

9 Q. Okay. So would you -- is it fair to say
10 then that three-way calling is not a feature function
11 or capability of that switch?

12 A. What I was saying is the loop is
13 physically capable of carrying, supporting a
14 three-way calling transmission over the loop, just as
15 a loop is physically capable of transmitting both
16 voice and data, carrying voice and data. Now if you
17 hook up a loop to the switch, if that switch is
18 capable of transmitting three-way calling, for lack
19 of a better word, then the loop now can support
20 three-way calling. If the switch cannot, then the
21 loop cannot. It's not that the loop is any different
22 or that the capabilities, features, and functions of

720

1 the loop are any different. It's just that under one
2 scenario you can -- based on the configuration, you
3 have different abilities, so that's just the same as
4 it is with the splitter.

5 Q. Let me reask my question. Maybe I didn't
6 state it clearly. Is it your testimony that the
7 three-way calling feature then is not a feature,
8 function, or capability of the switch in your example
9 that you use on page 16 and 17 of your rebuttal
10 testimony?

11 A. I was talking about the features and
12 functionalities of the loop itself, not of the
13 switch.

14 Q. Okay, but I'm asking you about the switch
15 that you refer to. Is it your testimony that the
16 three-way calling then is not a feature, function, or
17 capability of the switch?

18 A. I guess I'm not following what you're
19 saying because my testimony is about the features and
20 functionalities of the loop, the capabilities of the
21 loop, and how the capabilities of the loop are not
22 any different. It's just that what you transmit over

721

1 them is a function of what you're connecting them to.

2 Q. But isn't it correct, Ms. Chapman, that
3 the reason that the loop can't transport or transmit
4 the three-way calling function is because the switch
5 doesn't have the three-way calling feature, function,
6 or capability in it?

7 A. Right.

8 Q. Thank you.

9 A. Just as the switch does not have a
10 splitter functionality in it.

11 Q. Thank you.

12 A. Yes, that is what I'm saying.

13 Q. Now, would you agree with me that in a
14 UNE platform arrangement, the loop of that UNE
15 platform combination, arrangement, whatever you want
16 to call it, there is a high frequency portion of that
17 loop, correct?

18 A. Yes.

19 Q. Okay. And, in fact, that high frequency
20 portion of that loop is physically capable of
21 supporting data services. Correct?

22 A. Yes.

722

1 Q. Okay. Thank you, Ms. Chapman.

2 On page 21 of your rebuttal testimony,
3 question: "Do Ameritech Illinois' proposed processes
4 require collocation where none would otherwise be
5 required?" I just want to explore that a little bit.
6 I think we went through this a little bit before. I
7 don't mean to be repetitive.

8 If AT&T is a UNE platform voice provider
9 and the end user wants to add data service, AT&T is
10 going to need to find -- either provide the data
11 service by itself or find a data CLEC partner.
12 Correct?

13 A. Yes. Obviously, you have to have someone
14 to provide the data.

15 Q. Okay. And AT&T can't use an Ameritech
16 splitter.

17 A. That's correct.

18 Q. Somebody has to own the splitter.

19 A. Yes.

20 Q. Okay. And I think you stated before that
21 some data CLECs -- well, strike that.

22 The data CLEC has to be collocated.

723

1 A. Yes.

2 Q. Some data CLECs have splitters, some

3 don't.

4 A. Yes.

5 Q. Okay. Now, in that scenario where I want

6 to add a data service to my end user's loop and I'm a

7 UNE platform provider, suppose the data CLEC doesn't

8 have room in its collocation space for a splitter.

9 In that case, the data CLEC will have to augment its

10 collocation space, correct? Assume no room.

11 A. Okay. Assuming that it was full and they

12 couldn't find room for a very small piece of

13 equipment, then, yes, that would be correct.

14 Q. Okay, and then I think we spoke before

15 that if the data CLEC, for whatever reason, doesn't

16 want to have the splitter physically collocated in

17 its collocation space, then I, the UNE-P provider,

18 will have to establish collocation space. Correct?

19 A. Again, in that unlikely situation, then

20 yes.

21 Q. And I would have to -- that unlikely

22 situation, unlikely why?

724

1 A. I think it is unlikely that the data CLEC

2 would not want to have the splitter in their

3 possession because they would want to be able to have

4 access to it in order to run tests and everything

5 else that we've discussed here. I would think that

6 they would want to have access to that splitter, so I

7 would think that would be an unlikely situation.

8 Q. In fact, there are a number of data CLECs

9 who do not have splitters in their own collocation

10 space. Isn't that correct, Ms. Chapman?

11 A. Yes, it is.

12 Q. Okay. Thank you.

13 So AT&T, if the data CLEC didn't have a

14 splitter or didn't want to have a splitter, would

15 have to establish a collocation space from square

16 one. Correct?

17 A. Again, with all those assumptions, yes,

18 that would be correct.

19 Q. Thank you.

20 Now you have a lot of references in your

21 rebuttal testimony to the Texas 271 Order. Correct?

22 A. Yes, I do.

725

1 Q. Okay. And it's true, is it not,

2 Ms. Chapman, that in its 271 Order the FCC stated

3 that Southwestern Bell Telephone Company did not have

4 a present obligation to furnish splitters? Correct?

5 A. Yes, that under the current rules that

6 there is no requirement to provide splitters.

7 Q. And is it fair to say that the FCC was

8 looking at a snapshot in time in its order? That is

9 June 30, 2000.

10 A. I would not agree that it was looking at

11 June 30, 2000, particularly since AT&T's comments

12 were filed much later than that, but, obviously, they

13 viewed the materials that were available prior to the

14 order, yes.

15 Q. What AT&T comments did you just refer to?

16 A. Shoot.

17 Q. FCC comments?

18 A. They were -- AT&T filed both ex partes

19 and several affidavits relating to line splitting in

20 the 271 filing.

21 Q. Okay.

22 A. So there was quite a bit of documentation

726

1 out there regarding basically the same issues.

2 Q. Are you talking after June 30th or

3 before?

4 A. I believe after June 30th. I know we had

5 a supplemental filing, so it would have actually been

6 in the mid spring.

7 Q. Okay.

8 A. When some of these filings would have

9 been made I believe.

10 Q. And you agree with me that the FCC said

11 in its Texas 271 Order that the line splitting issue

12 is a recent development and is subject to further

13 negotiation and, if necessary, arbitration before the

14 Texas Commission, correct?

15 A. If that's -- yes, I believe that's what

16 it says, yes.

17 Q. Okay, and you cited that in your

18 testimony.

19 A. Yes.

20 Q. Okay. Now, do you have the 271 Order

21 before you?

22 A. No, I don't have a copy of it with me.

727

1 Q. Okay.

2 MS. HAMILL: Do you have an extra copy.

3 A. I mean I might have the whole cite in

4 here.

5 MR. BINNIG: Yeah, we have extra.

6 MS. HAMILL: Thank you, Chris.

7 (Whereupon said document was

8 provided to the witness by

9 Mr. Binnig.)

10 Q. And would you turn to paragraph 329 of

11 that order, Ms. Chapman?

12 A. Yes.

13 Q. Okay, and specifically the sentence that

14 I just read appears in paragraph 329. "In any event,

15 the parties' entire dispute on the question of line

16 splitting is a recent development and is subject to

17 further negotiation and, if necessary, arbitration

18 before the Texas Commission." Correct?

19 A. Yes, and above that I would mention that

20 it talks about that even if AT&T had fully developed

21 this issue, this argument would lack merit and would,

22 in any event, be unripe for our review here, so I

728

1 mean you kind of need to read the whole context of

2 the paragraph, but, yes, it does say that.

3 Q. If I could redirect your attention though

4 to the sentence that I read, do you see that

5 immediately following that sentence the FCC's Texas

6 271 Order references Footnote 916?

7 A. Yes.

8 Q. Okay. And do you see Footnote 916 at the

9 bottom?

10 A. Yes.

11 Q. And that indicates that SWBT recently

12 affirms that it is "interested in exploring the use

13 of SWBT's splitters" in line-splitting arrangements

14 and that it views this "as a potential business

15 opportunity". SWBT June 6 ex parte letter at 2.

16 Correct?

17 A. Yes, that is correct.

18 Q. Okay.

19 A. We would be interested in pursuing this

20 as a business opportunity as a service at

21 market-based rates for CLECs who would be interested.

22 Q. Ah, I see.

729

1 A. So, yes, we would be interested in

2 pursuing that. It's not one of our current

3 obligations. However, yes, we would be interested in

4 offering this as a service if anyone would be

5 interested in negotiating with us.

6 Q. A service at market-based rates, not

7 TELRIC rates, correct? Let me make that clear.

8 A. Yes. That's a direction that we are very

9 interested in pursuing is that, in addition to our

10 obligations under the Act, we want to begin

11 developing services and products for our CLEC

12 customers, you know, at market-based rates, and so in

13 addition to all the things that we're required to

14 provide, we want to also be able to provide services

15 that the CLECs are interested in in addition to those

16 that are required to be offered, so.

17 Q. Okay.

18 A. This would be one of those.

19 Q. So is it your understanding then that

20 SWBT told the FCC in this June 6th letter that it was

21 interested in exploring the line-splitting option

22 with CLECs such as AT&T?

730

1 A. Yes.

2 Q. Okay. And at that time the FCC was

3 actively considering the Texas 271 application.

4 Correct?

5 A. Yes.

6 Q. Okay. So is it your testimony now --

7 well, I don't mean -- is it your testimony that you

8 are still interested then in pursuing that

9 opportunity with CLECs?

10 A. Yes, we are.

11 Q. Just not at TELRIC-based rates.

12 A. That is correct, yes.

13 Q. And just not in a UNE platform

14 arrangement.

15 A. How we would actually perform it, I mean

16 it might not be called UNE-P, but we could probably

17 do something similar to what AT&T is requesting as a

18 service. Yes, we would be interested in pursuing

19 something like that that would be beneficial to both

20 parties.

21 Q. Because if it was a UNE platform,

22 obviously -- well, is it your understanding that if

731

1 it was a UNE platform, TELRIC-based rates would
2 apply?

3 A. And the TELRIC-based rates would still
4 apply to the UNE platform, the UNE pieces. It just
5 would not apply to the service of us inserting a
6 splitter for the CLEC and doing that piece of it. So
7 the elements of the UNE elements would still be
8 TELRIC-based. It would only be the service portion
9 that was not a UNE that would be the market-based
10 rates.

11 Q. Do you have proposed rates for that?

12 A. No, we have not developed the rates at
13 this time, I don't believe.

14 Q. Did you tell the FCC on June 6th that you
15 were considering market-based rates for this service?

16 A. I don't know that we used the phrase
17 market-based rates but talking about it as a business
18 opportunity. Obviously, you're not going to develop
19 a business opportunity unless you're using a
20 market-based rate. I mean that's how you do
21 business. If you want to develop a business
22 offering, you're wanting to do it generally to make a

732

1 profit.
2 Q. So if it's a business offering, it's safe
3 for anybody to assume that you mean market-based
4 rates.

5 A. I would think that if you're doing --
6 pursuing a business opportunity, yes. I would think
7 so, yes. If you're developing -- If anyone is going
8 out there to develop a new product, I mean I just
9 think that's common sense, personally.

10 Q. Well, do you consider Southwestern --
11 strike that.

12 Do you consider Ameritech's provisioning
13 of unbundled network elements in Illinois to be --
14 and getting CLECs to use its network a business
15 opportunity?

16 A. Not in the same sense, no. Those are our
17 requirements, and it's something that we're required
18 to do under the law, but, no, it's not something that
19 is going to, you know, bring a lot of opportunities,
20 you know, for our shareholders, but providing
21 services to those CLECs and developing new market --
22 new offerings for our CLEC customers in addition to

733

1 those, those are opportunities that will be
2 beneficial to both us and the CLECs, so that is
3 something we want to move towards.

4 Q. So it's a business opportunity if you
5 make a big profit, and it's not a business
6 opportunity if you don't?

7 A. If you don't make any profit, which is
8 often the case with some unbundled network elements,
9 then, no, it's not a business opportunity.

10 Obviously, we're not out there to lose money. If we
11 can make a reasonable product and provide a service
12 that people want that allows them to make a profit,
13 then that's good for everybody.

14 Q. Do you understand that TELRIC-based rates
15 give the ILEC the opportunity to earn a reasonable
16 profit?

17 A. In theory, yes. I don't believe in
18 actuality we really earn a profit in many cases, but,
19 you know, that's my personal opinion, but.

20 Q. Do you have a cost background,
21 Ms. Chapman?

22 A. No, I don't. That's what I'm saying.

734

1 That's just my personal opinion.

2 Q. Okay.

3 Now you indicated earlier you testified in
4 the AT&T/Southwestern Bell arbitration in Texas
5 regarding line splitting. Correct?

6 A. Yes, I did.

7 Q. Okay. And Ms. Schlackman talked a little
8 bit about the order in that case yesterday. I just
9 have a few questions for you on that order.

10 A. Uh-huh.

11 Q. Isn't it true that the arbitration panel
12 in Texas found that it is discriminatory for
13 Southwestern Bell Telephone to provide the splitter
14 in a line-sharing context while not providing the
15 splitter in a line-splitting context?

16 A. I believe that is what they said.

17 Q. Okay. And isn't it also true that the
18 arbitrators found that Southwestern Bell Telephone's
19 policy will have the effect of severely limiting the
20 number of data CLECs with which a UNE-P provider can
21 partner in order to offer advanced services because
22 many data CLECs are relying upon SWBT to provide the

735

1 splitter?

2 A. If you read that from the award, then I

3 would agree that's what they said.

4 Q. And you've read the order.

5 A. Yes, I have. I just don't have it

6 memorized.

7 Q. Okay. And the arbitrators found that

8 Southwestern Bell's proposal significantly prohibits

9 UNE-P providers from achieving commercial volume.

10 Correct?

11 A. Again, if you read it from the order, I'm

12 sure that's what it says.

13 Q. Okay, and finally, that the arbitrators

14 concluded that it is "sound public policy" to require

15 SWBT to provide AT&T with a UNE loop that is fully

16 capable of supporting any xDSL service, correct?

17 A. Yes, and I believe that we do that today.

18 I would note though that in Texas the Commission did

19 not find for AT&T regarding the third-party issues,

20 which is a big portion of the complication in line

21 splitting, in that AT&T had proposed that basically,

22 for instance, if Rhythms wanted to provide data

736

1 service over AT&T's UNE-P, that Rhythms would just

2 send in the order, and AT&T basically wouldn't be

3 involved, and that was not approved, so, you know, I

4 just wanted to make that one distinction.

5 Q. Thank you.

6 When AT&T purchases the UNE platform,

7 meaning a loop, a switch, and transport, is it true

8 that Ameritech provides and maintains the loop?

9 A. Yes.

10 Q. Okay. Ameritech still owns the loop in

11 that case. AT&T just leases it on a monthly basis.

12 Correct?

13 A. I believe that is correct.

14 Q. Okay. And the same would hold true with

15 the switch. AT&T leases the switch. Ameritech still

16 owns it and maintains it. Is that correct?

17 A. Yes, I believe so.

18 Q. Okay. And that is a situation even

19 though the end user belongs to AT&T and not

20 Ameritech. Correct?

21 A. Yes. AT&T would have exclusive use of

22 that facility, but.

737

1 Q. Okay.

2 Can you turn to I think it's Exhibit CAC-4

3 of your rebuttal testimony, and it is the Accessible

4 Letter for SBC Broadband Service dated September 6,

5 2000, and let me know when you're there.

6 A. I think I'm almost there. Yes, I'm

7 there.

8 Q. And, Ms. Chapman, if you'll turn -- well,

9 I'm not sure what page it would be. Pages 4 and 5 of

10 the actual agreement attached to CAC-4, the 13-State

11 Agreement, the Accessible Letter contains several

12 configurations for the Broadband Service. Correct?

13 A. Yes.

14 Q. Some are data service configurations and

15 others are combined voice and data service

16 configurations?

17 A. Yes.

18 Q. Okay. Now, isn't it true, Ms. Chapman,

19 and I think the terms and conditions state, that

20 collocation is required for each of the service

21 offerings contained in the Broadband Service

22 Agreement?

738

1 A. Yes, where we would terminate the data.

2 I'm sure Mr. Lube probably discussed that a little

3 more, but yes.

4 Q. Okay, and it would be the case then that

5 a UNE platform provider would not be able to take

6 advantage of the services that you list in this

7 agreement unless it collocated.

8 A. Well, again, this would be -- the data,

9 again, is terminated at a CLEC's collocation cage,

10 so, yes, in order to provide this data service, then

11 you would need to be collocated.

12 MS. HAMILL: Thank you. I have no further

13 questions. Thank you, Ms. Chapman.

14 EXAMINER WOODS: How much have you got,

15 Mr. Schifman?

16 MR. SCHIFMAN: 30 to 40 minutes.

17 CROSS EXAMINATION

18 BY MR. SCHIFMAN:

19 Q. Good morning, Ms. Chapman. Ken Schifman

20 on behalf of Sprint.

21 A. Good morning.

22 Q. In your rebuttal testimony you mention

739

1 that your position with SBC is Associate Director
 2 Wholesale Marketing. Is that right?
 3 A. That is correct.
 4 Q. And what do you do in that position?
 5 What are your responsibilities?
 6 A. I deal with the wholesale marketing
 7 department, the group that is responsible for
 8 actually developing the products, and I handle the
 9 regulatory issues related to advanced services, so I
 10 review the FCC orders as they come out and am
 11 involved in some of the various state arbitrations
 12 and such.
 13 Q. So you help develop the products that SBC
 14 / Ameritech sells to its CLEC customers? Is that
 15 right?
 16 A. To a certain extent, yes, I do.
 17 Q. So you work with product management?
 18 A. Yes, I do.
 19 Q. Okay. And do you give input to product
 20 management?
 21 A. Yes, I do, on occasion.
 22 Q. Regulatory input to product management as

740

1 to what SBC/Ameritech's regulatory requirements may
 2 be?
 3 A. Yes, yes, as they would apply to the
 4 development of the product, yes.
 5 Q. Okay. And obviously the goal of your
 6 wholesale group is to make your CLEC customers happy.
 7 Right?
 8 A. The goal of our group is to develop
 9 product offerings that are compliant with all the
 10 requirements and, yes, we try to do it in a way that
 11 will be beneficial to the CLECs and for ourselves as
 12 well.
 13 Q. I'm going to be talking to you a little
 14 bit about your Broadband Product Service offering.
 15 Okay?
 16 A. Okay.
 17 Q. It's set forth I believe in Schedule
 18 CAC-4 to your testimony. Is that right?
 19 A. Yes.
 20 Q. Okay, and that's an Accessible Letter
 21 that Southwestern Bell issued on September 6, 2000.
 22 Is that right?

741

1 A. Yes, and actually this is an Interim
 2 Agreement that's attached, but yes.
 3 Q. Okay. We'll get into that a little bit.
 4 At the bottom of -- well, first of all, it
 5 says in the second paragraph that the service is
 6 offered to CLECs as a stand-alone service agreement
 7 and not offered in the context of interconnection
 8 agreements negotiated under Section 251 /252 (c)(2)
 9 of the Telecom Act of 1996. Is that right?
 10 A. That is correct.
 11 Q. Okay. And did you make the decision not
 12 to have the offering be subject to Sections 251 and
 13 252 of the Act?
 14 A. No, I didn't make that decision. It's
 15 just that it's not part of our current unbundling
 16 requirements, and so it would not fall under that,
 17 but we are voluntarily making this available to
 18 everybody on nondiscriminatory terms, so.
 19 Q. Were you here for the testimony of
 20 Ms. Schlackman yesterday?
 21 A. Yes, I was.
 22 Q. And were you aware Ms. Schlackman

742

1 testified in her direct testimony that Broadband
 2 Service offering would be offered pursuant to 251 and
 3 252 of the Act?
 4 A. Yes, and I believe she also stated later
 5 that she was mistaken in that and just made a
 6 mistake.
 7 Q. So at one point SBC/Ameritech did intend
 8 to offer the offering subject to Sections 251 and 252
 9 of the Act. Is that correct?
 10 A. I don't know that that is correct.
 11 Q. At least as of the time that
 12 Ms. Schlackman submitted her direct testimony.
 13 Right?
 14 A. I think that may have just been a mistake
 15 on her part. I don't believe that was -- no, that
 16 was not the position at the time she submitted her
 17 testimony. It has not been the position for some
 18 time. I know that for a fact.
 19 Q. Are the rates that -- I'm sorry. Since
 20 when has that been your position?
 21 A. I believe it may have always been the
 22 position. However, I will say -- you were just

1 getting ready to mention something about the rates.
2 I would say that the rates, since we have agreed
3 voluntarily to offer these at rates that are set in
4 accordance to the UNE guidelines for rate setting,
5 that we would agree to arbitration proceedings for
6 the rates themselves in order to set UNE-based
7 TELRIC-based rates.

8 Q. But not the terms and conditions
9 surrounding the actual Interim Service Agreement.
10 You believe that that is not subject to arbitration.
11 Is that correct?

12 A. Right, as it's not part of our unbundling
13 obligations.

14 Q. Under your view of the world, right?

15 A. Well, yes.

16 Q. Okay.

17 And you state at the bottom of that
18 Accessible Letter or your company states at the
19 bottom of that letter that SBC reserves the right to
20 change, modify, and/or withdraw the Broadband
21 Service, in its sole discretion. Is that correct?

22 A. That is correct, and it's primarily due

1 to possible regulatory action. For instance, were --
2 this is prior to the FCC's ruling. Had FCC decided
3 that in order to offer this we would be required to
4 own the card, it would be too cumbersome and
5 expensive for us to be able to offer this at all, so
6 we would probably have withdrawn the offer in its
7 entirety and just not offered any Broadband Service,
8 so based upon if a ruling that a particular -- that
9 the FCC or a particular state might make regarding
10 the offering, if it became too burdensome to offer
11 it, then we might not be able to offer it at all, so
12 that's primarily what that was addressing.

13 However, obviously, once we enter a
14 contract with any CLEC, then we're going to be bound
15 by the terms of that contract, so we wouldn't be able
16 to just withdraw it outside of what the contract
17 requirements would state, so.

18 Q. And this letter was issued on September
19 6th. The Project Pronto waiver order came out on
20 what date? Do you know?

21 A. I think it was the 12th.

22 Q. September 8th.

1 A. September 8th.

2 Q. September 8th, right. Has SBC modified
3 this Accessible Letter since the September 6th
4 Accessible Letter?

5 A. No. Again, states could also impose
6 requirements that would make it basically
7 unmanageable for us to offer the service, so I don't
8 believe we have modified the letter.

9 Q. Okay. If this Commission were to order
10 SBC/Ameritech to unbundle the Project Pronto
11 offering, as it has already pending rehearing, I'll
12 acknowledge that, if the Commission affirms its
13 previous decision in the Rhythms/Covad arbitration or
14 orders here in this case that the Project Pronto
15 Broadband Service offering be unbundled and offered
16 to CLECs on an unbundled network element basis, is it
17 your company's position that you will not invest
18 money in the Illinois market and offer Broadband
19 Services to Illinois customers?

20 MR. BINNIG: I'll object to the vagueness of
21 the question.

22 MR. SCHIFMAN: I think the witness can answer

1 the question.

2 EXAMINER WOODS: I don't think it's vague. She
3 can answer it.

4 A. That is a very broad question. It would
5 depend I suppose on the exact terms of whatever was
6 ordered. Obviously, we're going to comply with
7 whatever the laws are. However, it could definitely
8 impact the investment if investing in our network is
9 going to cause us harm. So depending on how that
10 would read, it could impact the investment, and it
11 could also impact I suppose future investments if we
12 were deciding whether or not we were going to invest
13 something.

14 Q. So is it your position that if you have
15 to offer parts of your network according to Section
16 251 of the Act, that that causes your company harm?

17 A. Not necessarily, no. It would depend on
18 how we were required to offer something, and if we
19 were required to offer something in a way that was so
20 burdensome it was totally unmanageable and, you know,
21 extremely costly and expensive, then no -- I mean
22 then yes, that would cause harm, but in some cases

747

1 no. You know, offering, you know, unbundled network
2 elements does not necessarily cause harm, no.

3 Q. Offering of unbundled network elements
4 does not harm your company. Correct?

5 MR. BINNIG: I think it has been asked and
6 answered.

7 EXAMINER WOODS: I think she just answered that
8 question.

9 MR. SCHIFMAN: Okay.

10 Q. Your company has made a big investment in
11 Project Pronto. Is that correct?

12 A. Yes, and we are continuing to do so.

13 Q. Okay. And your testimony, various places
14 in your testimony discusses the fact that if your
15 company has to unbundle the Project Pronto offering,
16 your company will have to seriously consider whether
17 or not to continue that investment. Is that right?

18 A. That is something that will have to be
19 considered. Obviously, anytime you make an
20 investment, you're expecting a return on the
21 investment, and if we can't get a return on the
22 investment, then, you know, we're going to have to

748

1 consider that we have stockholders we have to be
2 accountable to, so yes.

3 Q. But you've already stated that you're
4 going to be offering the broadband offering to CLECs
5 on a TELRIC-based rate basis. Is that right?

6 A. That is correct. We are going to offer
7 it to all CLECs on TELRIC-based rates, yes.

8 Q. Okay. So your offering that you're
9 providing us, you're going to get a reasonable return
10 for your investment based on the TELRIC methodology.
11 Right?

12 A. In the current way that we are offering
13 it as a service, then, yes, but, as I said before,
14 depending on the regulatory requirements, it could
15 become something that was not supportable. As I
16 said, you know, the ownership of the line cards, I'm
17 sure Mr. Lube went into that with some detail about
18 how that would make things a lot more difficult to
19 manage. You know, there's just things that would
20 have to be considered if the way that we were
21 offering it changed and whether or not it would be
22 economical anymore.

749

1 Q. Okay. So according to this Interim
2 Agreement that is attached to your testimony here,
3 there's some prices given in a pricing appendix. Is
4 that right?

5 A. Yes.

6 Q. And you stated that those prices are
7 subject to Illinois Commerce Commission review. Is
8 that right?

9 A. Yes. We do believe, since we agreed to
10 set TELRIC-based UNE rates, that it would be
11 appropriate to engage in arbitrations on a state-
12 specific basis for the rates.

13 Q. So if my company, Sprint, doesn't like
14 the rates that you're offering for this offering,
15 you're agreeing that we could conduct an arbitration
16 with you regarding that issue. Is that right?

17 A. Yes, that is correct.

18 Q. Okay.

19 Can you explain the pricing appendix in
20 Illinois for us, just to get a feel for how much it's
21 going to cost my company to provide the Broadband
22 Service offering?

750

1 A. I can try.

2 Q. I believe it's page 39 of your Attachment
3 CAC-4.

4 A. Okay.

5 Q. Since we're in Illinois, let's talk about
6 the Illinois rates.

7 (Pause in the proceedings.)

8 EXAMINER WOODS: Is there a question pending?

9 MR. SCHIFMAN: Oh, I'm sorry. I asked her to
10 explain the rates in the appendix for us.

11 A. I don't know what --

12 Q. Well, if I want to do an offering, if I
13 want to provide service to one customer, how much is
14 it going to cost my company?

15 A. Well, that's going to depend on how many
16 customers you're serving out of a central office
17 because the way the product works is you'd share the
18 piece from the RT back to the central office, and
19 multiple customers go on that, so depending on the
20 number of customers, the concentration, your per
21 customer price is going to vary.

22 Q. Okay. I've got one customer in Chicago.

751

1 Sprint signs the Interim Agreement. We want to try
 2 this service out. How much is it going to cost my
 3 company?
 4 A. How are you providing the service? What
 5 are you providing?
 6 Q. Well, what are my options?
 7 A. Well, currently we have a line-shared
 8 option and a non-line-shared option, so if you were
 9 providing data only or you would provide the line-
 10 shared option.
 11 Q. Data only or there's a voice and data
 12 option?
 13 A. The options are currently, we're
 14 developing another one, where Ameritech is providing
 15 the voice, if you want to share the copper portion of
 16 the loop and provide data over that copper portion,
 17 then there's that option where you'd provide the data
 18 and we would provide the voice, and there's also
 19 where you just want to provide the data. You don't
 20 want to share that copper portion of the loop.
 21 We are also developing one where the data
 22 CLEC can provide the voice and the data, but that's

752

1 not fully developed yet, and so there's a lot of it
 2 that's not applicable at the moment because those
 3 prices haven't been developed yet.
 4 Q. Okay. So I want to do the data only.
 5 A. Okay. So you would order the DSL
 6 subloop, the data only. It's got a recurring charge
 7 of 9.30 a month.
 8 EXAMINER WOODS: \$930.
 9 A. No, I'm sorry; \$9.30 a month.
 10 EXAMINER WOODS: I was going to get one.
 11 (Laughter)
 12 MR. BINNIG: Get one or sell one?
 13 EXAMINER WOODS: Get one to sell.
 14 A. Let's see. I believe you'd have the DLE-
 15 ADSL PVC, private virtual circuit, at \$7.81, and then
 16 you're going to have -- since you only have one
 17 customer, I'm assuming you would go with the DC3 port
 18 as opposed to the OC3, which would be \$88.13 a month,
 19 and, again, that's something that you would provision
 20 multiple customers on.
 21 Q. But I have to obtain those multiple
 22 customers in order to spread it out amongst those

753

1 customers.
 2 A. Right. And did I give the price on that?
 3 Q. You did, but you didn't give the
 4 nonrecurring yet.
 5 A. Okay. Okay. The nonrecurring, I didn't
 6 always do nonrecurring as well, \$229.78.
 7 Q. \$229?
 8 A. Yes, \$229.78. Let's see. I really need
 9 to picture this things to make sure I'm including all
 10 the elements because just listed out like this it's a
 11 little difficult I believe, and you're also going to
 12 need a cross-connect for that DS3, and that would be
 13 -- that again is a one-time charge. I mean it's a
 14 one -- you establish one, and you use it for all the
 15 customers served by that central office, and that
 16 would be the \$33.14 recurring and it's \$154.41
 17 nonrecurring.
 18 Q. Okay. So if I add up all those numbers,
 19 and we won't do it here, but that's how much it's
 20 going to cost my company to provide this Broadband
 21 Service to one customer, and, of course, we can
 22 spread out some of those monthly recurring charges

754

1 for those ports by obtaining more customers. Right?
 2 A. Yes.
 3 Q. Okay. You say this is an Interim
 4 Agreement. It's about a 39-page Interim Agreement.
 5 A. Uh-huh.
 6 Q. What is the term of the Interim
 7 Agreement?
 8 A. I'll have to look. Basically the purpose
 9 of an interim agreement is just to allow the CLEC to
 10 go ahead and enter the market while they're
 11 negotiating, so particularly on an emerging product
 12 like this where speed of entry is important, that's
 13 why we've made this available.
 14 One year. It's in Section 34.
 15 Q. Okay. But, as you state in your
 16 Accessible Letter, if there are some regulatory
 17 requirements that occur or regulatory developments
 18 that occur I guess is the right way to phrase it, the
 19 CLEC does not know if it's going to be able to obtain
 20 a non-interim agreement. Is that correct?
 21 A. If they have not gone ahead and
 22 negotiated a permanent agreement and something comes

755

1 up prior to that, then, yes, that could be an issue.

2 Q. Okay. Have any CLECs signed the Interim

3 Agreement that you provide here in your testimony?

4 A. I believe so, but I'm not certain.

5 Q. Has AADS signed the Interim Agreement?

6 A. In Illinois? I am not certain. I

7 believe they may have.

8 Q. Has AADS signed the agreement in other

9 states?

10 A. And, again, I believe they have, but I

11 would have to check.

12 Q. Has SBC's affiliate, ASI, signed the

13 Interim Agreement in any state?

14 A. And, again, I believe so.

15 Q. Have any other CLECs besides AADS and ASI

16 signed the Interim Agreement?

17 A. I believe so, but, again, I would have to

18 check with our contract group to determine who and

19 when.

20 Q. Sitting here today, you don't know if

21 there is any?

22 A. My understanding is that there is, but I

756

1 didn't go and check to see who signed, so I wouldn't

2 want to misspeak, and, again, I'm not positive it was

3 the interim and not a permanent agreement either, so.

4 I believe we have CLECs who have signed.

5 Q. All right.

6 EXAMINER WOODS: If you're not going to ask, I

7 am going to ask at the time of the initial brief we

8 be provided an exhibit showing --

9 MR. BINNIG: Who has signed?

10 EXAMINER WOODS: I'm not necessarily interested

11 in the particular parties other than the

12 subsidiaries. If it's other CLECs, that may or may

13 not be proprietary, but I would be interested to know

14 if SBC or Ameritech subsidiaries have signed and

15 which states they have signed and what other CLECs

16 have signed, although I'm not particularly interested

17 in the exact companies.

18 MR. BINNIG: So we could give you a number?

19 EXAMINER WOODS: Yes.

20 MR. BINNIG: Say X number of CLECs.

21 MS. HIGHTMAN: And do you want them Interim and

22 permanent?

757

1 EXAMINER WOODS: I can't hear you.

2 MS. HIGHTMAN: Interim and permanent?

3 EXAMINER WOODS: I think that would be a good

4 idea.

5 MS. HIGHTMAN: Yeah.

6 MR. SCHIFMAN:

7 Q. Did you engage in any negotiations with

8 AADS about the terms of the Interim Agreement?

9 A. No.

10 Q. They signed it as is. Right?

11 A. I don't know, like I said.

12 Q. You said they've signed it.

13 A. I said I believe so, but I don't know

14 that they signed -- I don't know exactly what they

15 signed. I didn't see a copy of it, so I just

16 wouldn't want to testify about something that I don't

17 know personally.

18 Q. Were you involved in the negotiations

19 with AADS?

20 A. No, I was not.

21 Q. With ASI?

22 A. No.

758

1 Q. Who at SBC would do that?

2 A. Their account manager would be involved

3 and generally a network negotiator, but I don't know

4 specifically which person it would have been.

5 Q. Okay.

6 A. Or people.

7 Q. Ms. Chapman, in your testimony at page 36

8 you state -- well, it's line 24 and then it goes over

9 to page 37 the first couple of lines. You state that

10 burdensome unbundling or collocation requirements

11 will discourage future investments of this nature,

12 slowing the deployment of advanced services and

13 limiting competition. Do you see that testimony?

14 A. Yes, I do.

15 Q. Were you here yesterday when

16 Ms. Schlackman testified that SBC has continued to

17 invest in their copper loop plant?

18 A. Yes.

19 Q. Since the '96 Act?

20 A. Yes.

21 Q. And you agree that SBC/Ameritech has an

22 obligation to unbundle the elements of its copper

759

1 loop plant?

2 A. Oh, yes.

3 Q. Okay.

4 A. I was just speaking here about these are

5 additional options that are available, and some

6 customers are currently -- you can't serve them using

7 the existing technologies due to their distance from

8 the central office, and so this is -- this will speed

9 up the availability of DSL services to end users.

10 Q. And you agree that DSL services can be

11 provided over the copper loop plant. Is that

12 correct?

13 A. Yes, and over the copper loop, subloop.

14 I didn't say that right; a copper subloop as well.

15 Q. When you were developing your Broadband

16 Service offering -- let me strike that because

17 there's a place in your testimony that I want to

18 refer you to.

19 A. Sure.

20 Q. Okay. It is on page 38, line 20.

21 There's a sentence that says, "As ILECs become free

22 to work cooperatively with CLEC customers in the

760

1 development of mutually beneficial product offerings,

2 true competition will bloom and flourish."

3 A. Uh-huh.

4 Q. It's beautifully written.

5 A. Thank you.

6 MS. HIGHTMAN: Do you need a Kleenex?

7 MR. BINNIG: Flowery language, isn't it?

8 MR. SCHIFMAN: Tito, get me a Kleenex.

9 Q. Did you work cooperatively with any CLECs

10 in developing the Broadband Service offering?

11 A. We're currently working cooperatively

12 with the CLECs, yes.

13 Q. AADS and ASI?

14 A. All the CLECs. We are currently holding

15 collaboratives. In fact, I think we've got a big

16 meeting is it next week? I forget the date, or maybe

17 it's later this week. I have been out of the office

18 so much I forget, but we're having regular

19 collaborative sessions now.

20 Q. But the actual development of the product

21 that's set forth in the Interim Agreement here, did

22 your group work with CLECs in determining if this

761

1 type of product is the type of thing that CLECs want?

2 A. Well, when we were deciding what we

3 wanted to invest in our network, no. We decided

4 based on what we wanted to invest in our network, but

5 as far as we try to develop products that we think

6 the CLEC community will like based on feedback and

7 things that we've heard from the CLECs, so, yes, we

8 take what has been said into consideration.

9 Q. At the time of this -- I guess the first

10 Interim Agreement came out with the May 24th

11 Accessible Letter. Right?

12 A. That's probably correct.

13 Q. Development wasn't done at that time to

14 say, CLEC, do you want an offering like this, or --

15 I'll just leave the question at that. Was any

16 development done to ask CLECs is this the type of

17 offering you want?

18 A. We've had -- I'm not sure on the timing

19 of it. I know, you know, we've had some meetings and

20 some forums where we did have discussions with the

21 CLEC. I'm not sure on the -- the CLEC community.

22 I'm not sure on the timing of before or after the May

762

1 24th release, or it may have been coincidental with

2 it as far as a formal request of that nature. But,

3 obviously, if we're going to develop a market

4 offering, we're going to try to develop one that we

5 think our customers are going to want to buy.

6 Q. Sure.

7 I believe you went over with Ms. Hamill

8 that even if a CLEC buys the broadband offering, that

9 the CLEC has to collocate in an Ameritech central

10 office in order to provide that service. Is that

11 right?

12 A. Yes.

13 Q. Okay.

14 Are you aware that Covad and SBC struck a

15 settlement recently?

16 A. Yes.

17 Q. Okay. And do you have any knowledge of

18 some of the terms of the settlement?

19 A. I have some general knowledge of it. The

20 terms haven't been provided to us yet, so I don't

21 have a copy of anything.

22 Q. Okay. Let me pass this out.